

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Caribbean Basin

### Food Service - Hotel Restaurant Institutional

#### The Bahamas

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**Report Highlights:**

With performance indicators showing improvements in The Bahamas' tourism sector and rather large investments taking place to expand the country's tourism infrastructure, opportunities for U.S. suppliers have seldom been better in The Bahamas HRI food service sector. Evidence of this is the fact that U.S. exports of consumer-oriented products reached a record high \$184 million in 2010 and are on track to surpass that level beyond 2011.

## **SECTION I. MARKET SUMMARY**

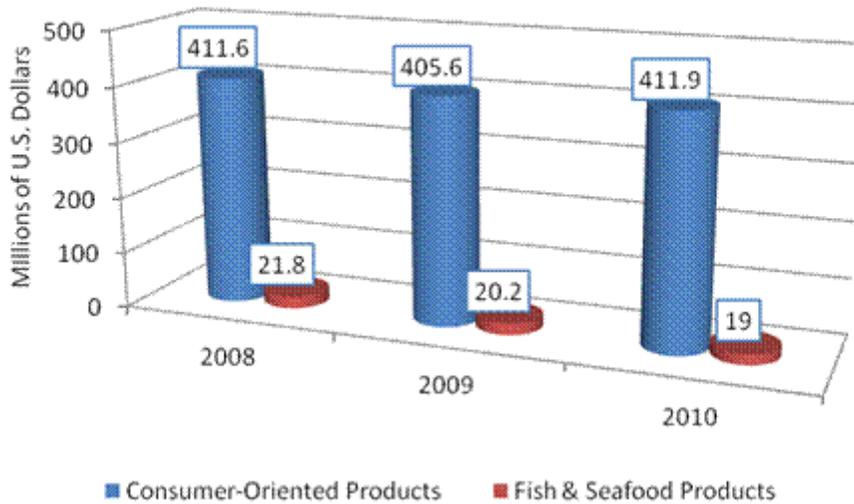
Combined, the 700 islands and 2,000 cays that make up The Bahamas have an area slightly smaller than that of the state of Connecticut. Although only about thirty of the islands are inhabited, 313,312 people make their home in The Bahamas. The majority of the population resides on the island of New Providence around the nation's capital, Nassau, and in Freeport, on Grand Bahama Island. The Bahamian per capita gross domestic product (GDP) purchasing power of parity (PPP) of \$28,700 is among the highest in the Caribbean (2010 est.).

With less than one percent arable land and permanent crops, agriculture accounts for only 1.6 percent of the national GDP. Tourism and tourism related construction and manufacturing, the country's largest economic sector, account for approximately 60 percent of GDP and employ over half of the Bahamian workforce. In 2010, 1.37 million stop-over visitors and 3.8 million cruise ship passengers visited The Bahamas. Approximately 80 percent of all tourists visiting The Bahamas are from the United States. Financial services are the second most important sector of the economy, which together with business services account for approximately 36 percent of GDP.

The Bahamian economy was hit hard by the global recession of 2009. With its dependence on tourism, particularly from the United States, the economy took a downturn as inflows of stop-over visitors diminished. Stop-over tourist traffic has since improved but remains sluggish. Still, some performance indicators are showing positive gains for the sector in 2011. Preliminary data for 2011 (January thru July) indicate that average room occupancy was up 3.8 percent from the same period last year and similarly, average daily room rates increased by 4 percent. The upswing, while modest, is contributing to some having a bullish outlook on the sector. In 2011 a \$2.6 billion tourism development project got underway in New Providence. A new U.S. Departures Terminal was unveiled at Nassau's Lynden Pindling International Airport (LPIA) in 2011 as well, which will be followed by the debut of a new U.S./International Arrivals Terminal in 2012. In sum, LPIA will benefit from over \$400 million in improvements, which are scheduled to conclude by 2013, greatly facilitating tourist traffic to and from The Bahamas. The country's economy and its continued growth are largely dependent on the tourism sector regaining its strength.

The lack of arable land for farming to support the food consumption of the local population and tourists has led to the importation of over 80 percent of the Bahamas' agricultural needs. In 2010, The Bahamas' consumer-oriented food imports were valued at \$411.9 million, a 1.6 percent increase from the previous year. Of the total amount of consumer-oriented food products imported into The Bahamas, approximately 60 to 70 percent is channeled toward the retail sector, while the remaining 30 to 40 percent is directed toward the hotel, restaurant, and institutional (HRI) food service sector.

### The Bahamas: Imports of Consumer-Oriented and Fish & Seafood Products



The hotel sub-sector makes up roughly 65 percent of the total HRI market, followed by the restaurant sub-sector at 32 percent, and the institutional sub-sector at 3 percent. There are 280 hotels, and over 15,000 hotel rooms in the Bahamas. Moreover, there is a wide array of restaurants located on the larger islands of the Bahamas. New Providence and Grand Bahama alone, boast more than 430 restaurants. In addition, there are over 20 companies that provide institutional catering services in the Bahamas. While there is no data available on the value and growth of the individual HRI sub-sectors, according to Euromonitor International, the Bahamas' total consumer food service sector was valued at \$120.3 million dollars in 2011 and is expected to grow by approximately three percent in 2012. Sales are evenly distributed between independent and chained food service establishments.

#### Overview of the Market Advantages and Challenges Facing U.S. Exporters in The Bahamas

Advantages	Challenges
With little arable land and food production, The Bahamas must import most of its food needs.	Economic well-being is highly dependent on tourism, particularly from the United States. Hence, The Bahamian economy remains very susceptible to factors that may disrupt tourism (i.e. the world economy, terrorism, more active hurricane seasons, etc.).
The United States supplies approximately 95 percent of food products imported for the HRI sector.	New product introductions can be difficult due to the extensive establishment of major brands already in the market.
Over 80 percent of stopover tourists are from the United States, fueling demand for U.S. products in food service establishments.	The 2008 trade agreement between the Caribbean and the EU has set the stage for increased competition from Europe. CARICOM is also negotiating a free trade agreement with Canada. The

	expansion of the Panama Canal, which is expected to be completed in 2014, may also pave the way for greater competition from Asia.
Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	In an effort to promote the use of local agricultural and food products, the Bahamian government uses a licensing system on the import of goods such as poultry and fresh produce.
The regulatory environment at present is fairly open to U.S. products.	
Proximity is a big plus. US exporters, particularly south Florida consolidators, service the market very well and are in many ways better positioned to supply The Bahamas than competitors.	

## SECTION II. ROAD MAP FOR MARKET ENTRY

### A. ENTRY STRATEGY

U.S. exporters interested in entering the HRI food service market in the Bahamas should begin by contacting local importers (which also typically serve as wholesalers/distributors). Local importers have wide market access for imported products, have relatively large warehouse facilities which are computerized and mechanized, and possess their own fleets of trucks and vans for distribution. Most importers carry a full line of fresh, frozen, and dry products, while a few of the importers specialize in providing fresh produce, seafood, and alcoholic beverages.

The Bahamas' food and beverage importers are primarily located on the islands of New Providence and Grand Bahama. While there are approximately 30 importers of food and beverage products on these two islands, a handful of major importers dominate the distribution chain in the Bahamas' HRI sector.

Due to the geographic proximity of the United States, U.S. food products represent the majority of the foreign food products imported into the Bahamas. Bahamian importers have a lot of experience dealing with U.S. companies and have extensive knowledge of the U.S. food export system. Importers hold U.S. products in high regard with respect to quality, price, and packaging.

The main method of preferred contact is through e-mail. If the importer is interested in your product, they will usually schedule an in-office appointment to talk in person. Another preferred method is through various trade shows that are well attended by Bahamian importers, as well as by restaurant and hotel management. Among the most frequented shows are the Americas Food and Beverage Show and the National Restaurant Association Show (NRA). Chefs also attend some of these shows, presenting another opportunity to enter the market. Commonly, larger hotels will import directly, as well as purchase from a distributor, due to the specific request of a head chef. In some cases the head chef will refer a potential U.S. supplier to their local importer. Negotiations can either be made with the importer or the purchasing manager depending on the circumstances. An important deciding factor for the food service industry is quality of product and reliability of supply when orders are placed.

## B. MARKET STRUCTURE

The distribution network in the HRI sector of the Bahamas is comprised of the local importer and direct purchasing from the island or purchasing organization established in the United States. Smaller restaurants and hotels rely heavily on local importers for almost all of their supply. Through local importers, these establishments can source smaller quantities of a variety of items. Most often, importers in the Bahamas will use suppliers located in south Florida to consolidate shipments that amount to less than a container load of products.

The larger hotels and resorts purchase roughly 40 percent of their food and beverage needs through local importers, while 60 percent is purchased directly from U.S. suppliers. Some hotels have even positioned offices in south Florida to facilitate shipment to the seaports of the Bahamas. Moreover, the chained food service establishments located in the Bahamas typically import directly from U.S. buying offices. The restaurants and hotels located in the outer islands, known as the “Out Islands” or “Family Islands,” have found unique ways for procuring food products at a decent price and on a timely basis. Products are typically shipped from New Providence Island to the outer islands by means of “mail boats.”

Overall, every hotel or restaurant in the Bahamas operates differently. For example, a licensed pilot who owns a hotel in the Bahamas flies weekly to Fort Lauderdale to pick up his supplies. Another hotel in Nassau, which uses local importers for the bulk of their supplies, makes monthly buying trips to south Florida and shops in the local supermarkets for specialty items. Another small all-inclusive hotel features local seafood; however, they must supply the boat and fuel to local fishermen and then pay them market price for their catch! Smaller local restaurants tend to buy from local retailers, who give them a discount.

## C. SUB-SECTOR PROFILES

### 1. *Hotels and Resorts*

The Bahamas: Number of Hotels, 2010

ISLAND	No. of Hotels	No. of Hotel Rooms
Paradise Island	16	5,141
Nassau ( New Providence)	47	3,829
Abaco	32	763
Bimini	8	698
Exuma	21	446
Andros	38	409
Other	94	1,347
Total	280	15,236

Source: Research & Statistics Department, Ministry of Tourism

From the mega-resorts like Atlantis and Our Lucaya, to small hotels, any style of vacation can easily be accommodated. The popularity of large resorts has risen in recent years, bringing the construction of new properties and the renovation and expansion of older properties. In addition, there has been a trend of several large resorts offering optional all-inclusive packages.

*Selected Hotels and Resorts in the Bahamas:*

Name	Location	Number Of Rooms	Purchasing Agent
Atlantis Resort	Paradise Island	2,317	Direct Import/ Local Importers
British Colonial Hilton	Nassau	291	U.S. Buying Office/ Local Importers
Four Seasons	Exuma	350	Local Importers
Our Lucaya Beach and Golf Resort	Freeport	1,271	U.S. Buying Office/ Local Importers
Sheraton Cable Beach	Cable Beach	700	Direct Import/ Local Importers
RIU	Paradise Island	400	Local Importers
Sandals Royal Bahamian Resort	Cable Beach	405	U.S. Buying Office/ Local Importers
SuperClubs Breezes	Cable Beach	400	Local Importers
Wyndham Resort and Crystal Palace Casino	Cable Beach	743	U.S. Buying Office/ Local Importers

Despite the great buying power of accommodation establishments of this size, local importers, which also serve as wholesalers/distributors, remain an important source due to both the ever-changing needs and limited storage space for dry and refrigerated goods of these establishments. Moreover, by using local importers for perishable products such as fresh produce, these establishments do not need to worry as much about spoilage as they would by importing directly from the United States.

The Baha Mar Project, owned and developed by an Armenian firm, is being billed as the largest resort development currently under construction in North America and the largest single-phase resort development in the history of the Caribbean. The \$2.6 billion, 1,000 acre development will be located 5 miles west of Nassau along a half mile stretch known as Cable Beach. In February 2011, ground was broken on the project and the entire development is expected to be completed in late 2014. When Baha Mar opens its doors, it will add 2,250 hotel rooms to The Bahamas' 15,000 room inventory. Baha Mar owners also project that during the first 12 months of operation the development will attract an additional 430,000 stop-over visitors (an increase of roughly 30 percent from current levels), inject \$1 billion into the local economy, and raise the average annual income of the Bahamian family from \$29,000 to \$33,500.

Owners of the neighboring Atlantis complex, located on Paradise Island near Nassau, have reportedly put a Phase IV expansion project on hold until the Baha Mar project is completed.

## *2. Restaurants*

There are over 300 restaurants located in New Providence and around 130 located in Grand Bahama Island. Most restaurants turn to local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply, while the majority of the seafood, bottled beverages, and

seasonal fruits and vegetables tend to be bought directly from vendors on the island. For the most part, customers do not inquire about the brands used in their dishes; nevertheless they expect the quality of products to be on the same level as those offered in U.S. restaurants.

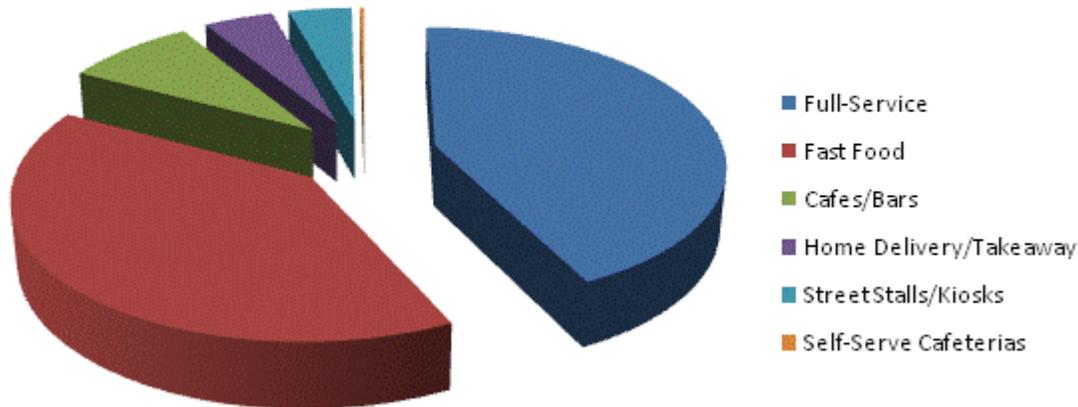
*Selected Restaurants in the Bahamas:*

Name	Location	Type Of Cuisine	Purchasing Agent
Cally's Restaurant	Port Lucaya	Greek	Local Importer
Europe Restaurant	Nassau	German	Local Importer
Ferry House Restaurant	Port Lucaya	Contemporary/ Bahamian	Local Importer
Gaylord's	Nassau	Indian	Local Importer
Graycliff Hotel and Rest.	Nassau	French	Local Importer
Green Shutters	Nassau	American/English	Local Importer
Harbour Lobster & Fish Co.	Port Lucaya	Caribbean	Local Importer
House of Wong	Nassau	Chinese	Local Importer
Oasis Café	Port Lucaya	Bahamian	Local Importer
Ruby Swiss	Freeport	Seafood/ Bahamian	Local Importer
The Poop Deck	Nassau	American/Bahamian	Local Importer
Villagio Restaurant	Cable Beach	Italian	Local Importer

Nassau and Freeport offer a wide variety of restaurants, ranging from upscale to fast-food, and cuisine that reflects American, Bahamian, and international cultures. Local chains of restaurants mainly consist of Chinese and Bahamian cuisine and seafood. The independent restaurants in Nassau, which are located outside hotels, do not experience much decline in clientele in the low season (which lasts from September to December) due to the fact that local residents also frequent these establishments. Even centrally located restaurants have only around 60 percent tourist clientele. The increase in per capita GDP and employment of women in the workforce has facilitated the spread of fast food eateries across urbanized areas. Kentucky Fried Chicken, McDonald's, Burger King, Wendy's, Dominoes Pizza, Dunkin Donuts, and Subway, typically import directly from U.S. buying offices. Shopping center developments near resorts like Atlantis and Our Lucaya also provide prime locations for independently owned restaurants. These restaurants have about 70 percent tourist clientele and rely heavily on local importers to provide their food and beverage supplies.

According to Euromonitor International, in 2011 full-service restaurants accounted for the largest percentage of consumer food service sales in the Bahamas with 42.7 percent of the market, followed by fast food restaurants with 40 percent, cafes and bars with 8.4 percent, home delivery/takeaway with 4.6 percent, and street stalls/kiosks with less than one percent of the market.

### The Bahamas: Distribution of Foodservice Market Value (Retail Sales Price), 2011



Source: Derived from Euromonitor data

### 3. Institutional

The institutional sector involves distribution to the prisons, hospitals, nursing homes, schools, and entertainment facilities such as arenas and stadiums. It accounts for less than 3-4 percent of the HRI trade and is supplied by the local importers and to a lesser extent, one wholesale club outlet in Nassau. Many of the local importers are involved in supplying the local banks, hospitals, and other institutions with a coffee program. In addition, there are over twenty companies that provide catering services in the Bahamas. These businesses mainly buy food products from local wholesalers and seafood from local fisheries. However, airline caterers that service carriers with flights to both Nassau and Freeport airports directly import food and beverage products from the United States.

## SECTION III. COMPETITION

Bahamian supermarkets look very similar to U.S. markets. Very little competition exists for the U.S. manufacturer from local or other foreign countries. The only reason a U.S. manufacturer may find it difficult to export a product into The Bahamas is if there already is an established competing product in the market. Most major brands are already licensed and distributed. Non-U.S. items consistently seen in local stores include lamb from Australia and New Zealand, bottled and canned beverages from Canada and Trinidad, flour from Canada, wine from Italy and France, certain jams and cookies from the United Kingdom, and jams, pepper sauces, and other specialty items from the Caribbean. Little competition for dry goods exists; however importers have found lower prices for other products such as beef and pork products from Canada, dairy products from New Zealand, and produce from the Caribbean and South America.

With regards to local competition, there are approximately 20 food and beverage processors of notable size located in The Bahamas. Approximately 50 percent of these processors are manufacturers of soft

drinks and producers of mineral water. The remaining 10 processors specialize in the production of fish and fish products, poultry, fruit and vegetable products, dairy products, and sugar products. No beef or pork is produced locally, and only one major poultry producer remains. Two local seafood companies meet most of the demand for some types of seafood like grouper, lobster, and shrimp. In regards to the supply of local produce, the fruit and vegetable crop is seasonal and inconsistent in quality and quantity. However, “protected” production of vegetables has had some success in recent years. In terms of beverages, local water and soft drink manufacturers in Nassau and Grand Bahama supply most of the demand for these products in their respective markets. All in all, local competition is minimal.

Product Category & Import Value (2010)	Major Supply Sources (2010)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Red Meats, FR/CH/FR Imports: \$46.39 million	U.S. – 96.6% Australia – 1.5%	<p>The United States has a dominant market share in all consumer-oriented and seafood product categories. Key U.S. advantages include:</p> <ul style="list-style-type: none"> <li>• Proximity</li> <li>• Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.</li> <li>• The United States is the source of over 80 percent of tourists visiting The Bahamas</li> </ul>	<p>Very limited land resources preclude most farm activity. Food processing is also quite limited.</p>
Poultry Meat Imports: \$29.87 million	U.S. – 92.7% Brazil – 6.1%		
Dairy Products (Excl. Cheese) Imports: \$25.1 million	U.S. – 86.3% Peru – 8.2% U.K. – 2.1%		
Cheese Imports: \$12.54 million	U.S. – 97% U.K. – 1.5%		
Snack Foods Imports: \$14.18 million	U.S. – 88.5% U.K. – 8.9%		
Fruit & Veg. Juices Imports: \$18.83 million	U.S. – 97.9% Mexico – 1.6%		
Processed Fruit & Veg. Imports: \$23.73 million	U.S. – 91.5% Canada – 5.1%		
Fish & Seafood Products Imports: \$20.1 million	U.S. – 94.8% Antigua – 1.8% Canada –		

	1.8%		
Red Meats, Prep/Pres Imports: \$35.90 million	U.S. – 94.7% Brazil – 2.2% Canada – 1.9%		
Breakfast Cereals & Pancake Mix Imports: \$9.0 million	U.S. – 94.7% Panama – 5.1%		

Source: Trade numbers are from Global Trade Atlas

## SECTION IV. BEST PRODUCT PROSPECTS

### A. Products present in the market that have good sales potential:

Market opportunities exist for practically all high-value, consumer-oriented foods/beverages and seafood products in The Bahamas. Some of the most prominent growth categories include:

Product Category	2010 Market Size	2010 Imports (millions)	5 Yr. Avg. Annual Import Growth	Import Tariff Rate
Dairy Products (Excl. Cheese)	*Total Market size data is unavailable. However, minimal local production suggests total market size is roughly equivalent to imports in most cases.	\$25.1	27%	0-35%
Cheese		\$12.54	17%	10%
Fish Products		\$20.70	12%	0-35%
Snack Foods		\$14.17	10%	30-60%
Red Meats, Prep/Pres		\$35.89	9%	0-25%
Poultry Meat		\$29.87	7%	10-30%
Red Meats, fresh, chilled & frozen		\$46.39	5%	0-25%
Fruit & Vegetable Juices		\$18.83	3%	0-10%
Processed Fruit & Vegetables		\$23.73	2%	10%

Note: For precise tariff rates, refer to The Bahamas Tariff Schedule. See Section V.(C). for link.

Source: Import data from Global Trade Atlas. Average annual import growth refers to U.S. exports only, based on U.S. Bureau of the Census trade data.

### B. Products not present in significant quantities but have a good sales potential:

Tofu  
Products that contain no trans fats  
Sugar-Free products  
Fat-Free products  
Organic products

*C. Products Not Present Because They Face Significant Barriers:*

In general, U.S. suppliers find it relatively easy to comply with Bahamian import regulations and encounter few if any restrictions. However, in an effort to promote the use of local agricultural and food products (even though quantities are relatively low), the Bahamian government uses a licensing system on the import of goods such as fresh produce and poultry. Usually, it is the importer who must personally visit the customs office to file applications for these permits each time an import is due to clear customs. Nonetheless, given the proximity and historical business ties, U.S. suppliers will find that the Bahamian regulatory environment is quite import-friendly.

## **SECTION V. POST CONTACT AND FURTHER INFORMATION**

### **A. FOR MORE INFORMATION, PLEASE CONTACT:**

Caribbean Basin Agricultural Trade Office (CBATO)  
Foreign Agricultural Service  
United States Department of Agriculture  
909 SE 1st Ave, suite 720  
Miami, Florida 33131  
Phone: (305) 536-5300  
Fax: (305) 536-7577  
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### **B. U.S. GOVERNMENT INTERNET SOURCES:**

Foreign Agricultural Service (FAS), USDA

This site provides extensive information on FAS programs and services, trade statistics, market research, trade shows and events, and much more.

<http://www.fas.usda.gov>

U.S. Department of State

This site provides valuable information on travel & business in foreign countries, information on U.S. Embassies and Consulates around the world, and country background notes.

<http://www.state.gov>

Central Intelligence Agency

The CIA's on-line World Factbook provides useful and up-to-date guides for practically every country in the world.

<https://www.cia.gov/library/publications/the-world-factbook/>

More information on marketing U.S. products and services is available in the Country Commercial Guide for The Bahamas

[http://www.buyusainfo.net/docs/x\\_2219349.pdf](http://www.buyusainfo.net/docs/x_2219349.pdf)

#### C. OTHER NON-U.S. GOVERNMENT INTERNET SOURCES:

The websites below are provided for the readers' convenience; USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained in such websites.

Tariff rates are available at The Bahamas Customs Department website:

<http://www.bahamas.gov.bs/customs>